

Proposition 26

Summary: This report includes a summary of Proposition 26 and the text of the Legislative Analyst's ballot analysis.

DESCRIPTION

This initiative constitutional amendment would expand the definition of a tax and a tax increase resulting in more state and local proposals requiring a two-thirds approval vote of the governing body.

Specifically;

- Any change in state law that would result in any taxpayer paying a higher tax would require a two-thirds legislative vote. This provision would prevent so-called 'revenue neutral' tax bills from being enacted by majority vote.
- Detailed exceptions to the definition of 'tax' are cited and include:
 - o A charge imposed for a specific benefit conferred directly to a payer that is not provided to persons not charged and which does not exceed the cost to the state of conferring the benefit to the payer.
 - o A charge imposed for a specific government service provided directly to a payer that is not provided to persons not charged and which does not exceed the cost to the state of providing the service to the payer.
 - o A charge imposed by the state for reasonable regulatory costs incident to issuing licenses and permits and performing inspections, investigations and audits.
 - o A charge imposed for entrance to or use of state property, or the purchase or lease of state property.
 - o A fine, penalty, or other charge imposed by the judicial branch of government or the state as a result of a violation of law.
- Any tax adopted after January 1, 2010, but prior to the effective date of this amendment, that was not adopted in compliance with these provisions, would be repealed 12 months after the effective date unless the tax is reenacted by the legislature according to these provisions. For example, this provision would repeal the fuel tax law changes made in the spring of 2010 wherein the debt service on

transportation bonds were shifted from the General Fund to various transportation funds. This tax swap resulted in an excise tax increase to retail buyers of gasoline and an increase in the diesel fuel sales tax. This swap would thus violate the 'any taxpayer paying a higher tax' provision.

- Any tax or fee adopted before 2010 would not be affected.
- Any proposed extension or increase in an existing fee or charge would be subject to the vote requirement of this amendment.

List of Attachments

Attachment 1 - Text of the Legislative Analyst's Ballot Analysis.

Contact

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